

### REMARKS/ARGUMENTS

Claims 1-20 remain pending in the application and are presented for reconsideration and allowance. Claims 1-8 and 10-19 were rejected as allegedly unpatentable over cited references. Claims 9 and 20 were objected to as begin dependent upon a rejected base claim, but would be otherwise allowable. Applicant thanks the Examiner for the indication of allowable subject matter, but has not amended claims 9 and 20 at this time, because of the believed allowability of the underlying base claims.

Applicant amends claim 1 to make explicit the cashless nature of transactions. Applicant respectfully requests reconsideration and allowance of all claims.

#### Discussion of Rejections Under 35 U.S.C. §103

Claims 1 and 11 were rejected under 35 U.S.C. §103(a) as allegedly unpatentable over U.S. Patent No. 6,129,275 to Urquhart et al. (hereinafter Urquhart) in view of U.S. Patent No. 5,754,654 to Hiroya et al. (hereinafter Hiroya). Claims 2-6, 10, and 12-15 were rejected under 35 U.S.C. §103(a) as allegedly unpatentable over Urquhart and Hiroya further in view of U.S. Patent No. 4,977,502 to Baker et al. (hereinafter Baker). Claims 7, 8, and 16 were rejected under 35 U.S.C. §103(a) as allegedly unpatentable over Urquhart and Hiroya further in view of U.S. Patent No. 5,255,182 to Adam (hereinafter Adams). Claims 17-19 were rejected under 35 U.S.C. §103(a) as allegedly unpatentable over Urquhart and Hiroya further in view of U.S. Patent No. 5,832,090 to Raspotnik (hereinafter Raspotnik).

To establish a *prima facie* case of obviousness, three basic criteria must be met. First, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings. Second, there must be reasonable expectation of success. Finally, the prior art reference, or references when combined, must teach or suggest all of the claim limitations.

**Claim 1** recites a “terminal for conducting a plurality of *cashless transactions* for adding value to a plurality of fare cards.” (*emphasis added*). As described in Applicant’s Specification, fare card terminals that are configured to provide cash based transactions are often

slow, causing commuters to wait in line while a user fumbles with cash. *See, Specification*, at paragraph [0006]. Moreover, bill and coin machines have shortened expected mean cycles between failures due to mechanical components associated with accepting bills and coins. *Id.*, at paragraph [0007].

Claim 1 recites a cashless transaction, that is, one that is exclusive of cash. Applicant amends claim 1 to make the exclusion of cash transactions explicit in the claim. Thus, Applicant amends claim 1 to include “a payment interface means comprising a debit/credit card reader for accepting as a payment mechanism, solely at least one of a credit card and a debit card.” Support for the amendment can be found throughout Applicant’s Specification, and in particular, at paragraph [0009].

In contrast, Urquhart explicitly describes a vending machine that accepts cash payment. “The disclosed apparatus is a stand alone integrated smart card circuit chip card vending machine. *It accepts bills in \$1, \$5, \$10, \$20, and \$50 denominations and/or credit cards...*” Urquhart, Abstract, (*emphasis added*). Urquhart fails to recognize any issues with including a bill handler in the vending machine, and fails to recognize that a terminal can be configured for cashless transactions that solely accepts credit or debit cards, thus, not having the ability to accept bills in payment.

Hiroya describes an embodiment in which electronic tickets can be purchased using an electronic purse. However, there is no suggestion or motivation to modify the terminal of Urquhart in such a manner that would enable credit card and debit card as solely the payment mechanism. Additionally, Hiroya fails to describe or even contemplate adding value to a preexisting ticket or fare card.

Therefore, the cited references, whether alone or in combination, fail to describe every feature of claim 1. Therefore, a *prima facie* case of obviousness of claim 1 has not been established. Applicant respectfully requests reconsideration and allowance of claim 1.

**Claim 12** recites an add value terminal. The terminal includes “a contactless fare card reader” and “a magnetic stripe fare card reader.” This combination of features is not taught nor suggested in the cited references.

The Examiner concedes that Urquhart and Hiroya fail to describe a magnetic stripe card reader. However, Urquhart also fails to describe a contactless card reader, and instead, only describes a contact type card reader. Indeed, Urquhart describes the “[s]mart cards are stacked in the dispenser with the chip side face down. The 8 contacts of the read head are accurately placed in a standard position on each smart card.” *Urquhart*, at Col. 2, ll. 58-60. Urquhart fails to describe an embodiment having a contactless smart card reader.

Furthermore, even though Hiroya may make mention of a contactless smart card, there is no suggestion or motivation for one to attempt to add or replace the reader in Urquhart with a contactless smart card reader. Indeed, Urquhart does not address the ability to program contactless smart cards in a terminal having multiple smart cards, and because Urquhart uses a stack of smart cards, fails to consider or discuss the ability to read or program one particular smart card in a stack of smart cards. Therefore, Urquhart does not address the likelihood of success in modifying the vending machine to operate with contactless smart cards.

The mere discussion of contactless smart cards in Hiroya is insufficient motivation to modify the vending machine of Urquhart. Additionally, as discussed above, there is no discussion into the feasibility of such a modification, and there is no indication that the vending machine of Urquhart, having the stack of unprogrammed smart cards, can operate as described using a contactless reader.

Similarly, Adams may mention magnetic stripe cards, but the mere mention of magnetic stripe cards is insufficient motivation to add such a reader into the vending machine of Urquhart. Moreover, Urquhart states: “magnetic cards are easy to duplicate and will likely soon disappear from all applications requiring transaction security...” *See, Urquhart*, at Col. 2, ll. 3-5. Thus, Urquhart contemplates the ultimate elimination of magnetic stripe cards, and predicts such elimination as a likely scenario that will soon occur. Therefore, there is no motivation to include a magnetic stripe card reader into the vending machine of Urquhart. There is no motivation in Adams that would overcome the explicit bias against magnetic stripe cards expressed in Urquhart.

Thus, none of the cited references describes a combination of contactless and magnetic stripe card readers, as claimed. Furthermore, none of the cited references provides a

motivation to combine the readers in the manner claimed, and none of the references provides any motivation to modify the teachings of Urquhart to provide the claimed combination. Moreover, there is no discussion of the likelihood of success in incorporating the contactless card reader into the vending machine described in Urquhart, and none of the cited references provides any motivation to include magnetic stripe readers in the vending machine of Urquhart that would overcome the belief, explicitly expressed in Urquhart, of the soon to occur disappearance of magnetic stripe cards.

Therefore, Applicant respectfully requests reconsideration and allowance of claim 12, because the references, whether alone or in combination, fail to describe the claimed combination of features, there is no motivation to make the modification or combination, and there is no discussion or contemplation of the likelihood of success in the proposed modification.

**Claim 17** recites a method of adding value to a fare card. The method includes "reading a fare card of the plurality of fare cards utilizing one of a magnetic stripe card reader and a contactless card reader." Thus, claim 17 is believed to be allowable at least for the reasons presented above in relation to claim 12.

Claim 17 also includes "communicating with the transit station controller for authorizing a transaction value of the plurality of transaction values." The Examiner concedes that Urquhart and Hiroya fail to describe the claimed feature. The Examiner alleges that Raspotnik describes the claimed feature and that it would be obvious to combine the feature into Urquhart as modified by Hiroya. However, there is no motivation to combine or modify the teachings in a manner that would result in Applicant's claimed invention.

The Examiner offers, as the motivation to modify Urquhart, "the transaction authorization process is determined directly by the transit system controller, which eliminates a long waiting time of authorizing process from credit companies." There is no basis for this motivation, and no support that the claimed modification would accomplish the elimination of long waiting time. The cited references fail to describe "a long waiting time of authorizing process from credit card companies." Moreover, the cited references fail to describe how using a communication to a transit station controller can "eliminate a long waiting time of authorizing process from credit companies."

Applicant believes that it is reasonable to assume that a credit or debit card company provides the authorization when a user performs a transaction with a credit or debit card. The cited references fail to describe how a transit station controller can authorize a credit or debit card use. The cited references also fail to describe how the use of a transit station controller would be somehow faster than authorization by a credit or debit card company.

Therefore, Applicant respectfully requests the Examiner cite a source for the purported motivation to modify the references. Additionally, Applicant respectfully requests the Examiner provide a citation to indicate how the purported combination satisfies the motivation.

Applicant contends that there is no motivation to combine the reference teachings in the manner that would result in Applicant's claim 17. Therefore, Applicant respectfully requests reconsideration and allowance of claim 17 for this reason, independent of any other reason.

#### Discussion of Dependent Claims

Claims 2-11, 13-16, and 18-20 depend, either directly or indirectly, from one of independent claims 1, 12, or 17. Thus, claims 2-11, 13-16, and 18-20 are believed to be allowable at least for the reason that they depend from an allowable base claim. Each of the dependent claims may be patentable for separate and distinct reasons that need not be discussed here in light of the allowability of the base claims. For example, the Examiner has indicated that claims 9 and 20 are allowable.

**CONCLUSION**

In view of the foregoing, Applicants believe all claims now pending in this Application are in condition for allowance. The issuance of a formal Notice of Allowance at an early date is respectfully requested.

If the Examiner believes a telephone conference would expedite prosecution of this application, please telephone the undersigned at 858-350-6100.

Respectfully submitted,



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